



Board of Trustees Agenda

Wednesday, August 17, 2016

1. Call Meeting to Order (Start time 12:00pm)
2. Administrative
 - a. Approval of minutes – July 20, 2016
Attached, Exhibit (A) pages 2-3
 - b. Work Plan
Attached, Exhibit (B) page 4
 - c. Custody Update
 - d. Branding/Website Update
 - e. Quarterly Budget Review
Attached, Exhibit (C) pages 5-6
 - f. SCT Update
3. Research Update
 - a. Income Mapping Update
Attached, Exhibit (D) pages 7-11
 - b. Investment Process Review
Attached, Exhibit (E) pages 12-20
4. Investment Review
Attached, Exhibit (F) pages 21-39
5. Adjourn

One or more members of the Board may participate via electronic conference originated by the Chair, and the meeting may be an electronic meeting, and the anchor location shall be as set forth above, within the meanings accorded by Utah law. In compliance with the Americans with Disabilities Act, individuals requiring special accommodations during the meeting may notify SITFO in advance 801-364-0821 or rkulig@utah.gov.



Board of Trustees Minutes

July 20, 2016 at 12:00 pm

Board Members Attending: David Damschen, John Lunt, David Nixon, Kent Misener, and Duane Madsen.

Others Attending: Peter Madsen, SITFO; Allen Rollo, Treasurer's Office; Kirt Slaugh, Treasurer's Office; Michael Green, Utah AG; Natalie Gordon, USBE – SCT; Ryan Kulig, SITFO; Nathan Barnard, SITFO; David Center, FEG; Paula Plant, USBE – SCT; Margaret Bird, Univ. of Utah, USU, MH, SM, NS; Bryan Nalder, Utah AG; Tim Donaldson, USBE – SCT; Jonathan Kowolik, RVK Inc.; Kim Cash, RVK Inc.; Andrew Fairbanks, SITFO.

1. Call Meeting to Order

Mr. Damschen called meeting to order.

2. Administrative

- a. **Approval of minutes** – Mr. Lunt made the motion to approve the minutes, Mr. Duane Madsen seconded the motion. Mr. Damschen, Mr. Nixon and Mr. Misener voted in favor and the motion passed unanimously.
- b. **Work plan** – Mr. Peter Madsen reviewed the work plan with the Board. He noted the importance of expediently choosing a custodian.
- c. **Policies update** – Mr. Kulig presented the updated soft dollar policy, including the suggested corrections to the language of the document. Mr. Peter Madsen suggested that some language be introduced to the policy to allow for necessary flexibility in the soft dollar policy. Mr. Green advised on the specific language that would be appropriate for the policy. The staff took note of the language to be included in the final document. Mr. Kulig also reviewed the Code of Conduct and Compliance policy. Mr. Green suggested the inclusion of additional language regarding a cited policy, and stated that he would provide said language. Mr. Misener made a motion to approve both of the policies as amended. Mr. Damschen clarified that the documents were effectively amended per the Board's discussion, and that the approval of the policies is contingent upon the necessary changes being included. Mr. Nixon seconded the motion. Mr. Lunt, Mr. Duane Madsen and Mr. Damschen voted in favor and the motion passed unanimously.
- d. **SCT update** - Mr. Donaldson provided an overview of the recent activities of the School Children's Trust, as well as plans for the upcoming months. Mr. Donaldson noted actions

taken by other States programs similar to that of SITFO. He added that the distribution will be \$49.3 million this fiscal year and will be distributed in August.

3. Custodian Recommendation

Ms. Cash and Mr. Kowolik presented the methodology and findings of the custodian search. They recommended that the SITFO staff visit the finalist custodians before making a decision. Mr. Duane Madsen motioned to move forward with the due diligence of the two finalists, select a finalist, and begin the contracting process prior to next meeting. Mr. Misener seconded the motion. Mr. Lunt, Mr. Damschen and Mr. Nixon voted in favor and the motion passed unanimously.

4. Asset Allocation

Mr. Barnard and Mr. Center presented an updated analysis of the asset allocation and proposed a long-term strategic allocation. Mr. Misener motioned to approve the long-term strategic allocation and adopt for inclusion in the IPS, Mr. Lunt seconded the motion. Mr. Damschen and Mr. Nixon voted in favor and the motion passed. Mr. Duane Madsen was absent from this portion of the meeting.

5. Investment Review

Mr. Barnard reviewed the asset allocation of the trust funds and noted that the performance reporting transition to FEG is ongoing.

6. Adjourn

Mr. Misener made the motion to adjourn. Mr. Nixon seconded the motion. Mr. Damschen and Mr. Lunt voted in favor. The meeting was adjourned.

Exhibit B

August 2016

School & Institutional Trust Fund BOARD - Work Plan

Rolling Estimation for Topics of Discussion at Board Meeting

Aug	Sep	Oct	Nov	Dec	Jan
Custody Selection	Custody Implementation	Custody Implementation	Operations Review	Meeting?	Research - Private Equity
Research - Credit Manager	Research - Credit Manager	Research - Sub Investment Grade	Research - Non-US Debt		Research - Non-US Debt
Research - Securitized Managers	Research - Securitized Managers	Research - Equity Frontier / Microcap	Research - Equity Frontier / Microcap		Research - Equity Beta Structure
Branding/Website	Research - Defensive Managers	Research - Defensive Managers	Research - Defensive Managers		
Quarterly Budget Review		Research - Private Real Assets			
		Annual Board Training	Quarterly Budget Review		

Exhibit C

	Through Fiscal Period 13	FYTD	FY16 Budget
AA Personnel Services		\$466,047	\$465,855
CC Travel/Out of State		\$11,521	\$19,250
DD Current Expense		\$217,502	\$291,495
EE Data Processing Current Expense		\$11,240	\$15,500
GG Capital Expenditure		\$18,054	\$40,000
TOTAL INCOME	<i>School Trust Funds Management Account Appropriation</i>	\$865,000	\$865,000
TOTAL EXPENSE		\$724,364	\$832,100
DIFFERENCE		\$140,636	\$32,900

	Through Fiscal Period 13	FYTD	FY16 Budget	Over/Under FY16
AA Personnel Services		\$466,047	\$465,855	-\$191
5101 Regular Salaries & Wages		\$285,113.91	\$303,594.90	\$18,481
5110 Leave Paid		\$31,656.81	\$20,000.00	-\$11,657
5120 Miscellaneous Earnings		\$212.43	\$50.00	-\$162
5135 Compensatory/Excess Time Used		\$4,919.88	\$2,000.00	-\$2,920
5140 Compensatory/Excess Time Earned (FLSA Exempt & Non-Exempt)		\$3,120.90	\$2,000.00	-\$1,121
5160 Sate Retirement		\$67,455.29	\$65,606.95	-\$1,848
5170 FICA/Medicare		\$23,685.78	\$20,700.00	-\$2,986
5180 Health, Dental, Life & Long-Term Disability Insurance		\$27,462.61	\$30,000.00	\$2,537
5190 Unemployment & Workers Compensation Insurance		\$2,921.13	\$3,200.00	\$279
5199 Compensatory/Excess Time Earned Benefits (FLSA Exempt)		\$936.43	\$500.00	-\$436
5300 Sate Leave Pool		\$18,561.65	\$18,203.52	-\$358
CC Travel/Out of Sate		\$11,521	\$19,250	\$7,729
6053 Out of State Travel-Miscellaneous Travel Expense		\$19.00	\$0.00	-\$19
6054 Out of State Travel-Maximum Auto Mileage Rate		\$0.00	\$250.00	\$250
6055 Out of State Travel-Meal Reimbursement		\$881.00	\$2,000.00	\$1,119
6056 Out of State Travel-Lodging Reimbursement		\$3,147.31	\$2,000.00	-\$1,147
6057 Out of State Travel-Transportation Costs		\$7,473.84	\$15,000.00	\$7,526
6096 Central Travel Clearing Account		\$0.00	\$0.00	\$0
DD Current Expense		\$217,502	\$291,495	\$73,993
6115 Human Resource Services		\$0.00	\$1,800.00	\$1,800
6126 Wireless Communication Service		\$1,016.71	\$2,700.00	\$1,683
6132 Communication Services		\$768.47	\$1,640.00	\$872
6136 Postage & Mailing		\$66.25	\$1,000.00	\$934
6137 Professional & Technical Services-Non-medical		\$70,212.44	\$95,505.00	\$25,293
6138 Attorney Fees		\$8,923.50	\$3,500.00	-\$5,424
6145 Required Technical References		\$525.00	\$0.00	-\$525
6146 Recruiting Expenses		\$383.58	\$0.00	-\$384
6161 Rental of Land & Buildings		\$31,352.00	\$31,350.00	-\$2
6166 Parking Space Rent & Bus Pass Cost		\$300.00	\$2,000.00	\$1,700
6181 Office Supplies		\$5,354.53	\$25,000.00	\$19,645
6182 Printing & Binding		\$0.00	\$2,500.00	\$2,500
6185 Books & Subscriptions		\$746.94	\$3,000.00	\$2,253
6186 Photocopy Expenses		\$0.00	\$1,000.00	\$1,000
6187 Small Office Equipment Less Than \$5000		\$1,856.64	\$2,500.00	\$643
6188 Office Furnishings Less Than \$5000		\$43,209.48	\$50,000.00	\$6,791
6189 Other Small Equipment & Supplies Less Than \$5000		\$8,691.41	\$2,500.00	-\$6,191
6208 Container Plants		\$3,265.00	\$2,000.00	-\$1,265
6257 Risk Management Insurance & Bonds		\$0.00	\$2,000.00	\$2,000
6260 Purchasing Card Current Expenses		\$0.00	\$20,000.00	\$20,000
6271 Reception & Meeting Costs		\$105.15	\$3,000.00	\$2,895
6274 Membership Dues		\$625.00	\$2,500.00	\$1,875
6276 Conventions, Seminars, Workshops & Committees		\$0.00	\$4,000.00	\$4,000
6277 Employee Relocation Expense		\$13,178.40	\$15,000.00	\$1,822
6282 Employee Educational Assistance		\$1,652.00	\$5,000.00	\$3,348
6300 Dept of Technology Services Telecommunication Charges		\$12,020.27	\$12,000.00	-\$20
6400 Remodel & Improvements-Current Expense		\$13,249.65	\$0.00	-\$13,250
EE Data Processing Current Expense		\$11,240	\$15,500	\$4,260
6467 Data Processing Hardware Less Than \$5000-Desktop Computer		\$1,242.12	\$5,000.00	\$3,758
6469 Data Processing Hardware Less Than \$5000-Laptop/Notebook		\$3,566.00	\$6,000.00	\$2,434
6471 Data Processing Hardware Less Than \$5000-Peripherals		\$603.10	\$500.00	-\$103
6472 Data Processing Software Less Than \$5000		\$1,860.14	\$0.00	-\$1,860
6500 Dept of Technology Services-Data Processing Charges		\$3,968.69	\$4,000.00	\$31
GG Capital Expenditure		\$18,054	\$40,000	\$21,946
6702 Office Furniture & Equipment		\$18,053.81	\$40,000.00	\$21,946
TOTAL INCOME	<i>School Trust Funds Management Account Appropriation</i>	\$865,000	\$865,000	\$0
TOTAL EXPENSE		\$724,364	\$832,100	\$107,736
DIFFERENCE		\$140,636	\$32,900	\$107,736

08.17.2016

Income Research Update



Income Structure

Return/Risk

- Understanding implicit equity beta, isolating exposures to manage risk
- Overweight below investment grade as proxy to equity returns

Opportunity

- Overweight to securitized and inclusion of private debt to participate in less traveled markets

Benefits

- Global macroeconomic headwinds
- Higher up in capital structure than equity, lower volatility, similar forward looking returns
- Higher proportion of returns as income for repurposing
- Regulatory changes generating opportunities in credit

	Credit	Securitized	Non-US
Liquid	Higher Quality Credit Manager(s)	Higher Quality Securitized Manager(s)	Non-US Manager(s)
Semi-Liquid	Lower Quality Credit Manager(s)	Lower Quality Securitized Manager(s)	
Illiquid	Private Debt - Opportunistically		

Risk Category	Asset Class	Portfolio Weight	Asset Class Weight	Benchmark
Income	US Corporate Debt	9.00%	29.0%	50% Barclays US Corp, 25% Barclays US Corp HY, 25% CS Leveraged Loans
Income	US Securitized Debt	8.00%	25.8%	50% Barclays MBS, 25% Barclays CMBS, 25% Barclays ABS
Income	Non-US Debt (EMD)	5.00%	16.1%	50% Citi Non-US WGB, 16.7% JPM EMBI, 16.7% JPM GBI-EM (Unhedged), 16.7% JPMorgan CEMBI
Income	Private	9.00%	29.0%	Thomson Private Debt Index

Credit/Securitized Structure

Market Coverage

- Matching complementary niche managers allows for better opportunities within each market

Broad mandates to increase opportunity

- Increasing mandate flexibility where it makes sense to take advantage of unique manager skillsets

	Credit	Securitized
Liquid	<div>Higher Quality Credit Manager</div>	<div>Higher Quality Securitized Manager</div>
Semi-Liquid	<div>Lower Quality Credit Manager</div>	<div>Lower Quality Securitized Manager(s)</div>
	<div>Lower Quality Cross-Sector Manager</div>	

Mock Credit/Securitized Portfolio Statistics

	Estimated Weight (\$mm)	Estimated Weight (%)	Estimated Yield	Estimated Duration
Credit Composite	\$ 160	47%	5.6	3.9
High Quality Manager	\$ 40	12%	3.9	2.1
Full Spectrum Manager	\$ 100	29%	6.0	4.5
Low Quality Manager	\$ 20	6%	7.2	4.3
Credit Benchmark (50% Inv. Grade, 25% High Yield, 25% Bank Loans)	---	---	4.6	4.7
Investment Grade Credit			2.8	7.2
High Yield			6.9	4.3
Bank Loans			6.1	0.0
Securitized Composite	\$ 140	41%	6.5	2.6
High Quality Manager	\$ 80	24%	5.2	3.5
Low Quality Manager(s)	\$ 60	18%	8.2	1.5
Securitized Benchmark (50% MBS, 25% ABS, 25% CMBS)	---	---	1.9	3.1
Mortgage Backed Securities			1.8	3.4
Asset Backed Securities			1.6	1.3
Commercial Mortgage Backed Securities			2.3	4.5
Low Quality Cross-Sector Manager	\$ 40	12%	10.0	3.0
Cross-Sector Benchmark (50% Securitized, 25% High Yield, 25% Bank Loans)	---	---	4.2	2.6
Credit/Securitized Composite	\$ 340	100%	6.5	3.3
Credit/Securitized Benchmark	---	---	3.3	3.9

Income Bucket Build-out Timeframe

	Idea Generation	Asset Allocation	Asset Class Structure	Manager Research	Implementation
Credit	Done	Done	Done	Ongoing	Expected Fall/Winter
Securitized	Done	Done	Done	Ongoing	Expected Fall/Winter
Non-US	Done	Done	Ongoing	Ongoing	Expected Winter/Spring
Private Debt	Done	Done	Ongoing	Ongoing	Opportunistically

08.17.2016

Investment Process Update



School & Institutional Trust Funds Office

The Board of Trustees consists of the State Treasurer (Chairperson) and four additional members who are appointed based on their institutional investment experience

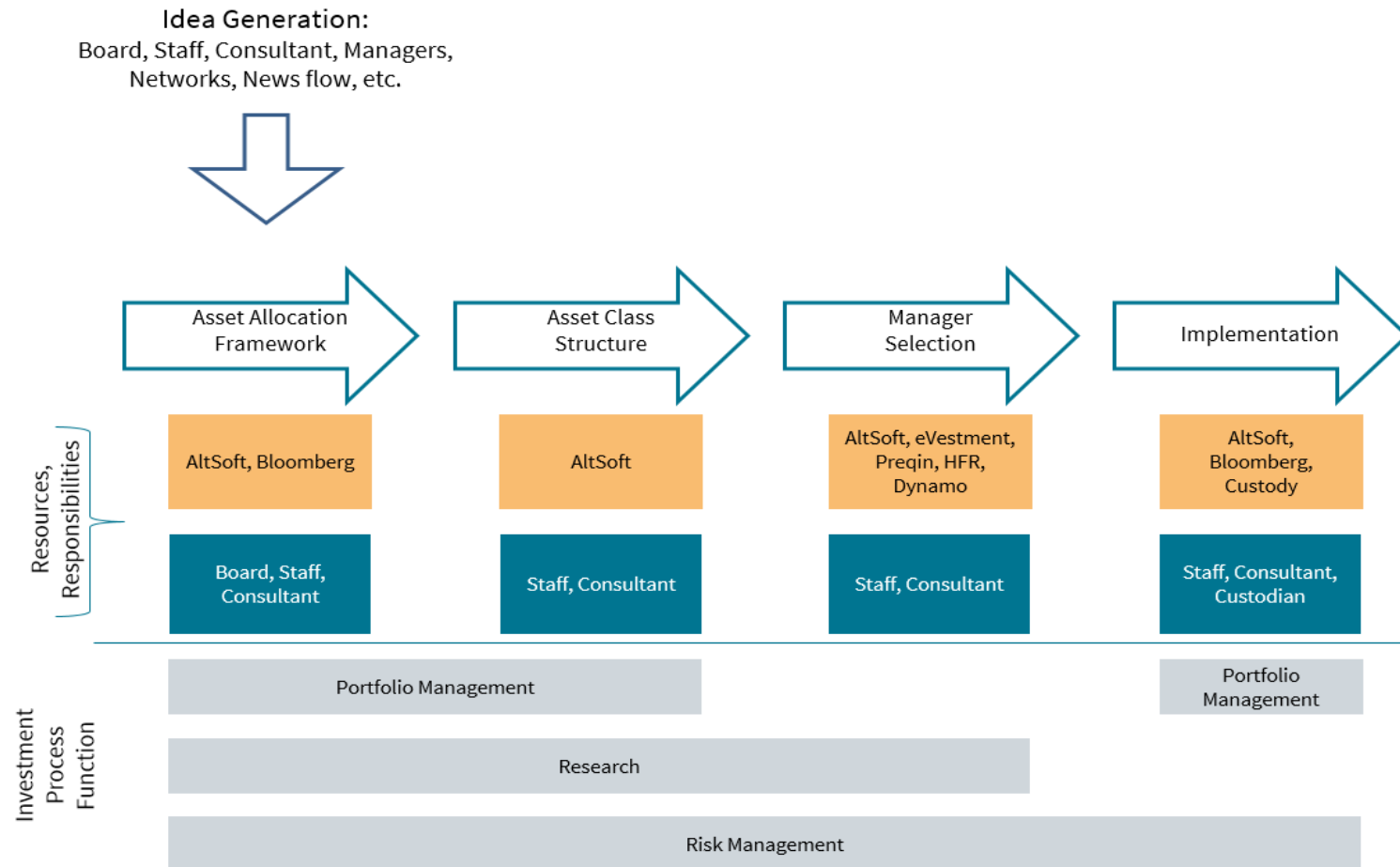
The staff consists of three persons:

- Director, Chief Investment Officer
- Senior Investment Analyst
- Administrative Analyst

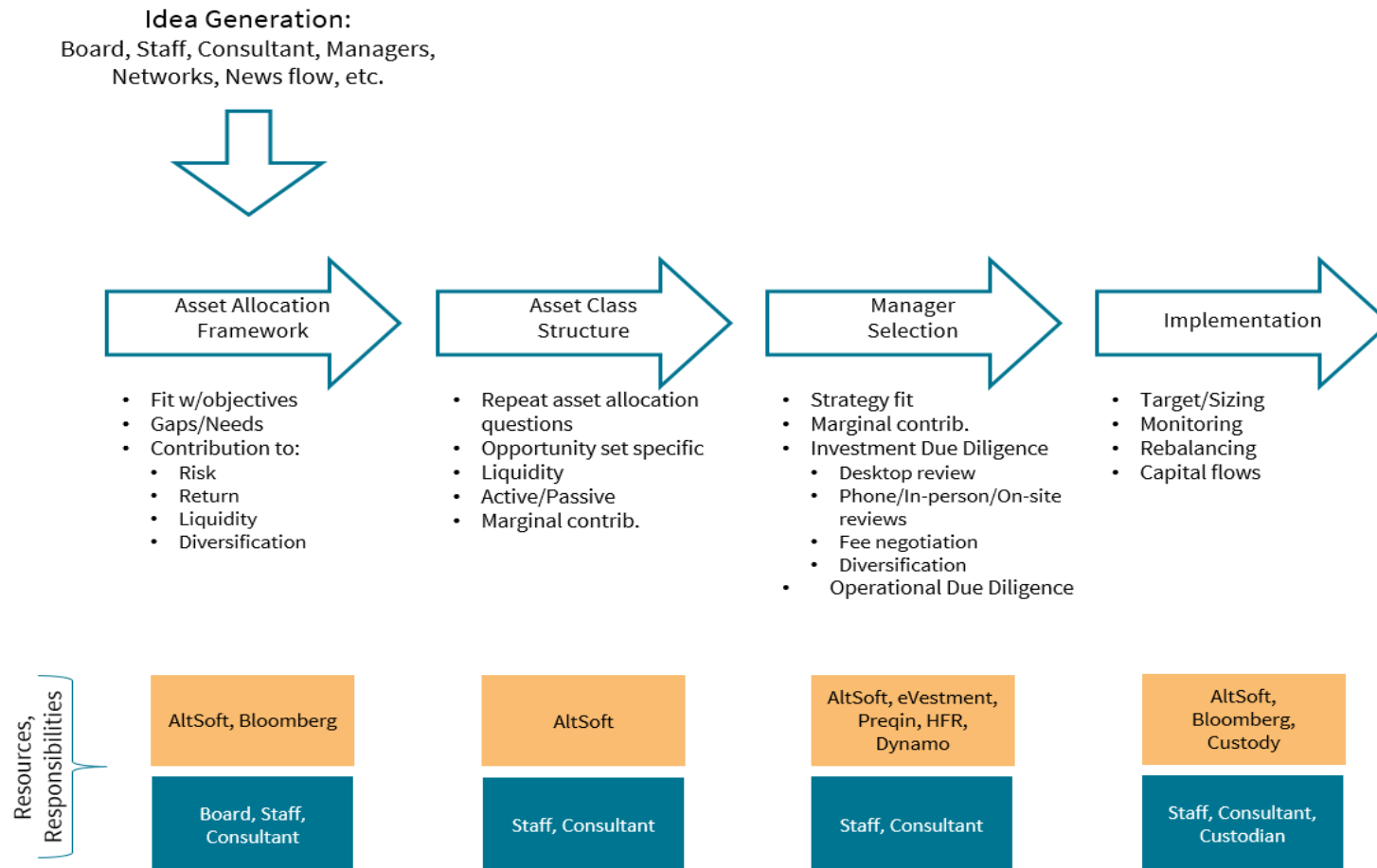
3rd Party Resources:

- Investment consultant
- Data/Research vendors
- Portfolio & Risk management software
- Custodian bank
- Investment managers

Investment Process



Investment Process



Manager Due Diligence Process



- Strategy fit
- Marginal contrib.
- Investment Due Diligence
 - Desktop review
 - Phone/In-person/On-site reviews
 - Fee negotiation
 - Diversification
- Operational Due Diligence

AltSoft, eVestment,
Preqin, HFR,
Dynamo

Staff, Consultant

1. Investment Thesis Document
2. AltSoft, eVestment, FEG modeling of fit in portfolio, Analyzing performance
3. Deep dive research memo
 - Firm
 - Team
 - Process/Philosophy
 - Performance Analysis
 - Terms and Fees
4. ODD – responsibility of FEG

Investment Thesis Document



SCHOOL & INSTITUTIONAL
TRUST FUNDS OFFICE

200 E SOUTH TEMPLE, SUITE 100
SALT LAKE CITY, UT 84111

801.364.0821
SITFO.UTAH.GOV

Investment Thesis

Manager Name: Waterfall Asset Management

Date: 8/17/2016

Asset Class: Income - Securitized

Risks: Securitized – ABS, CMBS, RMBS

1st Chair: Nathan Barnard

2nd Chair: Peter Madsen

Role in Portfolio:

- Low Quality Securitized manager – will have exposure to off-the-run securitized sectors
- Targeting returns of high single digits with low interest rate risk

Rationale for hiring:

- Deep team, good performance track record
- Investment process targets off-the-run High Yield ABS and other securitized sectors

Rationale for firing:

- Departure of founder Jack Ross or other key investment personnel
- Since strategy is hedged (typically net long of 75% to 100%) there is less worry about valuations, however, if spreads tighten drastically position should be reduced

Rationale for overweight/underweight:

- Given risk of the strategy, we look to pair Waterfall with higher quality Securitized as well as an additional low quality securitized manager
- Position size should be consistent with asset allocation; we would look to increase the allocation if there was a significant spread widening within securitized

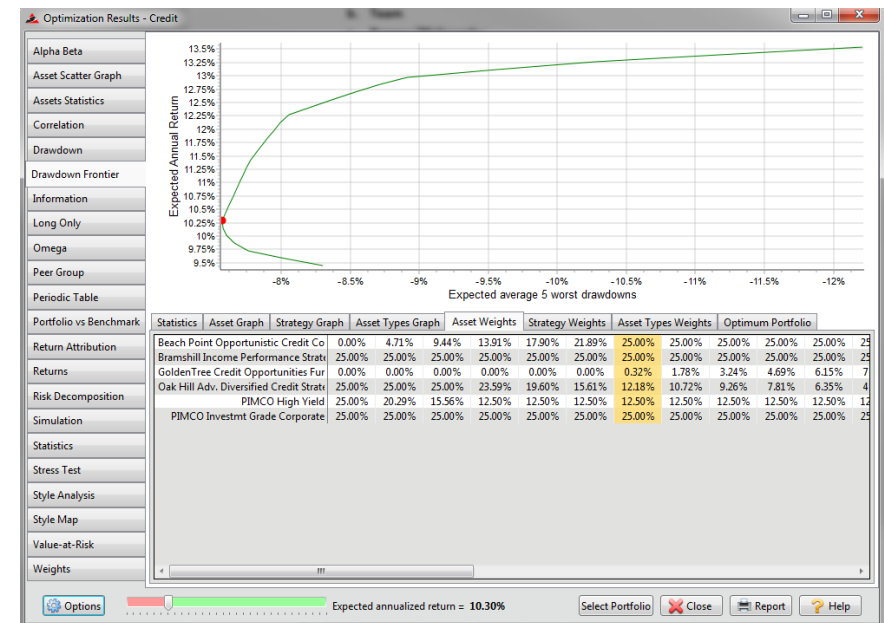
Addresses:

- Role in the portfolio
- Rationale for hiring the manager
- Rationale for firing the manager
- Rationale for an overweight position/underweight position in the manager

Portfolio Fit & Performance Analysis

- Historical performance, attribution, risk analysis compared to peers and benchmarks
- Assesses fit with current manager lineup and other managers under consideration

GLOBAL EQUITY							
MANAGER COMPARISON							
TRAILING PERFORMANCE (As Of September 2015)							
	QTR	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Albizia ASEAN Opportunities Fund	-16.9	-20.8	-24.5	-3.7	11.9	-	-
Asia Value Fund	-13.0	-13.7	-16.6	0.2	3.1	-	-
DFA Emerging Markets Small Cap Portfolio	-15.5	-10.8	-15.3	-0.9	-1.4	7.8	7.8
Highclere Emerging Markets SMID CF	-17.4	-19.8	-24.1	-	-	-	-
New Silk Road ADEC Fund	-17.6	-9.6	-13.7	-	-	-	-
MSCI Emerging Markets Small Cap Index	-16.7	-9.8	-15.2	-1.1	-2.4	7.4	-
Median Manager Return	-16.5	-14.8	-19.0	-4.7	-3.8	2.2	3.9
CALENDAR YEAR PERFORMANCE							
	2014	2013	2012	2011	2010	2009	2008
Albizia ASEAN Opportunities Fund	4.9	-2.7	62.0	15.1	94.2	-	-
Asia Value Fund	2.4	6.7	29.8	-7.0	32.1	-	-
DFA Emerging Markets Small Cap Portfolio	3.0	-1.4	24.4	-22.6	30.2	99.7	-54.5
Highclere Emerging Markets SMID CF	3.3	-	-	-	-	-	-
New Silk Road ADEC Fund	-0.1	-	-	-	-	-	-
MSCI Emerging Markets Small Cap Index	1.0	1.0	22.2	-27.2	27.2	113.8	-58.2
Median Manager Return	-2.8	-1.5	18.9	-19.7	19.1	75.0	-54.7



Deep Dive Research Memo

GLOBAL EQUITY

ALBIZIA ASEAAN OPPORTUNITIES FUND

ALBIZIA CAPITAL PTE. LTD.

EMERGING MARKETS SMALL-MID CAP - RECOMMENDED

MANAGER SUMMARY

Albizia Capital (Albizia) is an independent investment management firm founded by Justin Seow in 2009. Seow previously worked as a director, fund manager, and head of research during his 20 year tenure at Arisag Partners. Seow follows his expertise in identifying attractive small and mid cap ASEAN consumer investments, thus he formed Albizia with a focus on this area. After establishing the organization, Seow added staff to build a small team of investors and operations personnel who specialized in small and mid cap ASEAN consumer research. Albizia manages one equity portfolio, the ASEAN Opportunities Fund, for a variety of institutions and high net worth individuals. Seow and Thong Hwee Kwok maintain 100% ownership and control of the firm. The firm is based in Singapore. The manager is regulated by the Monetary Authority of Singapore. Albizia is registered with the Securities and Exchange Commission as an Exempt Reporting Adviser.

STRATEGY SUMMARY

Albizia is a value equity investment manager that pursues high absolute returns over the medium to long term with less risk than the benchmark. The manager focuses the portfolio on consumer-related equities in the ASEAN (Association of Southeast Asian Nations) region. Albizia identifies the ASEAN region as having one of the largest and most diverse investment opportunity sets. They believe this suits their investment style as bottom-up, value stock pickers. Albizia employs a bottom-up, fundamental research investment strategy that seeks to identify securities trading at attractive discounts relative to the manager's assessment of companies' intrinsic values. Proprietary research is expected to identify high quality businesses with high free cash flows and a competitive moat. Being based in Singapore allows the manager to travel and meet directly with company management teams to form independent opinions of investment opportunities. Understanding the political landscape is also important to their decision making, thus their location in the region adds to their ability to assess the impact macroeconomic issues may have on their investments. A long-term view with low portfolio turnover should allow the manager to exploit near-term price inefficiencies. Albizia manages a benchmark agnostic, concentrated portfolio with a small and mid cap bias.

FEG'S SIX-TENET PERSPECTIVE

CONVICTION / The fund is a concentrated portfolio of 15-20 stocks. The manager is willing to take positions in individual stocks and countries that are significantly different from the benchmark and may be less liquid. Investments from employees in the fund represent significant portions of their private wealth.

CONSISTENCY / The investment philosophy has changed minimally since Justin Seow founded the firm and from when he managed portfolios at Arisag Partners. One of the reasons Seow left Arisag Partners was due to their decision to invest more in larger cap global companies instead of smaller cap companies, which historically was their focus. There has been no turnover on the investment team.

PRAGMATISM / Albizia invests in a segment of the market that they understand is their competitive advantage. Seow spent most of his career researching and investing in small and mid cap consumer-related stocks in Asia and has developed an expertise in this area.

INVESTMENT CULTURE / Albizia is a small organization with a culture where everyone has value in the firm. While Seow is the key investor, he relies on analysts to provide valuable analysis and thoughts on investment opportunities. The visible personal investments made by the employees of the firm demonstrates their long-term commitment to the firm.

RISK CONTROLS / Albizia manages risk at both the individual stock level and portfolio level. The manager builds different models for a company to avoid being beholden to one value model. Macroeconomic issues are assessed and can influence allocations to specific countries if the perceived risk is high. Investment restrictions regarding position sizing are also enacted to manage risk.

ACTIVE RETURN / While short, Albizia's track record investing in the ASEAN region is strong, and appears to be a repeatable process that will allow them to continue to generate strong absolute and relative returns. The strategy's risk-adjusted performance, as measured by Sharpe Ratio, was especially strong given the manager's ability to generate strong absolute returns with benchmark-like volatility.

FIRM / STRATEGY DETAILS			FUND TERMS	CONTACT INFORMATION
Firm	AUM (\$M)	Status	LOCKUP: None	Albizia Capital Pte. Ltd.
Strategy	\$154.0M	● Closed	REDEMPTIONS: Monthly	36 Armenian Street
	\$329.0M		NOTICE: 90 days	#02-07
			OPENINGS: Monthly	Singapore 179934
			MANAGEMENT FEE: 1.50%	
			INCENTIVE FEE: 10.0%	
			HURDLE: 0.0%	
			MINIMUM: \$125,000	
SERVICE PROVIDERS			KEY PEOPLE	
Auditor: KPMG			Justin Seow - Portfolio Manager	
Legal Advisor(s): Conyers DB & Peerman Pte Ltd				
Prime Broker(s): N/A				
Administrator: DBS Bank				

Other investment vehicles or classes may be available. Terms, performance, and portfolio characteristics may differ.

CONFIDENTIAL - NOT FOR REDISTRIBUTION

Fund Evaluation Group®

Fund Evaluation Group, LLC | www.feg.com

201 East Fifth Street | Suite 1600 | Cincinnati, Ohio 45202 | Detroit | Indianapolis

Either sourced from SITFO staff or provided by FEG, the deep dive research memo will cover:

- Firm and organizational stability
- Investment Team
- Investment Strategy Process/Philosophy
- Investment Performance Analysis
- Terms and Fees

Operational Due Diligence

Operational Due Diligence will be conducted by FEG's ODD team, separate from SITFO staff and FEG investment manager research staff's due diligence processes

Due Diligence Checklist

DUE DILIGENCE ITEM	COMPLETE	COMMENTS
Request for Information (RFI) Reviewed	√	Completed
Quantitative Analysis /Performance Verification	√	Completed
Prior two years' audited financials/review	√	Completed
On-site due diligence visit	√	August 2012
Reference Checks	√	Completed
Form ADV Part 1 and 2A	√	Completed
Documents Review	√	Completed
Operational Due Diligence	√	Completed
Counterparty/ Service Providers Check	√	Completed
Due Diligence Questionnaire	√	Completed
Submit to Investment Policy Committee	√	April 8, 2013
Information in WG	√	Completed
Compliance Questionnaire	√	Completed

Portfolio Review



Exposure Analysis

Total International Stock (VTPSX)

- Brexit Volatility
- Dragging Sectors:
Financials, Consumer
Services, Industrials

Stock characteristics	
Total International Stock Index Fund	
Number of stocks	6,062
Median market cap	\$20.7B
Price/earnings ratio	19.1x
Price/book ratio	1.5x
Return on equity	14.6%
Earnings growth rate	7.1%
Equity yield (dividend)	3.2%
Turnover rate (fiscal year end)	2.5%

Sector diversification as % of common stock		
	Total International	FTSE Global All Cap ex US Index
Basic Materials	7.3%	7.3%
Consumer Goods	16.8	16.7
Consumer Services	8.8	8.8
Financials	24.0	23.9
Health Care	8.8	8.8
Industrials	14.1	14.2
Oil & Gas	6.5	6.5
Technology	5.5	5.5
Telecommunications	4.6	4.6
Utilities	3.6	3.7

Sector categories are based on the Industry Classification Benchmark system.

Total returns

	Periods ended June 30, 2016					
	Quarter	Year to date	One year	Three years	Five years	Since inception
Total International Stock Index Fund Institutional Plus Shares (November 30, 2010)	0.24%	0.09%	-9.07%	2.06%	0.63%	2.69%
Spl Total International Stock Index	-0.52%	-0.81%	-9.44%	1.95%	0.57%	2.38%
FTSE Global All Cap ex US Fair Value Index	0.26%	0.14%	—	—	—	—%

Country diversification % of common stock	
	Total International Stock Index Fund
Europe	
United Kingdom	13.8
Switzerland	6.2
France	6.0
Germany	5.8
Sweden	2.1
Netherlands	2.1
Spain	2.0
Italy	1.6
Denmark	1.4
Belgium	1.1
Other	1.9
Subtotal	44.0
Pacific	
Japan	17.4
Australia	5.2
Korea	3.4
Hong Kong	2.6
Singapore	1.0
Other	0.3
Subtotal	29.9
Emerging Markets	
China	4.6
Taiwan	3.1
India	2.4
Brazil	1.6
South Africa	1.6
Other	5.4
Subtotal	18.7
North America	
Canada	6.9
Middle East	
Other	0.5
Total	100.0%

Structured Broad Market Equity (VSBPX)

- Weak Selection
 - Energy
 - Health Care
 - Industrials

Stock characteristics	
Structured Broad Market Fund	
Number of stocks	244
Median market cap	\$24.7B
Price/earnings ratio	17.1x
Price/book ratio	2.5x
Return on equity	16.9%
Earnings growth rate	9.0%
Equity yield (dividend)	2.3%
Foreign holdings	0.4%
Turnover rate (fiscal year end)	65.8%

3 month attribution									
	Portfolio			Benchmark			Attribution		
	Avg. weight	3 mo. return	Contrib. Return	Avg. weight	3 mo. return	Contrib. Return	Alloc. effect	Select effect	Total effect
Information Technology	19.6	0.0	0.0	19.5	-1.9	-0.4	0.0	0.4	0.4
CASH	0.4	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Consumer Discretionary	13.2	-1.1	-0.1	13.3	-1.3	-0.2	0.0	0.0	0.0
Consumer Staples	9.1	4.3	0.4	9.1	4.8	0.4	0.0	-0.1	0.0
Financials	17.4	2.7	0.5	17.5	2.7	0.5	0.0	0.0	0.0
Telecommunication Services	2.5	5.3	0.1	2.4	7.4	0.2	0.0	-0.1	0.0
Materials	3.3	0.9	0.0	3.3	4.9	0.2	0.0	-0.1	-0.1
Utilities	3.5	3.9	0.1	3.5	7.4	0.3	0.0	-0.1	-0.1
Health Care	14.0	3.7	0.5	14.1	6.1	0.8	0.0	-0.3	-0.3
Industrials	10.7	-1.1	-0.1	10.8	1.5	0.1	0.0	-0.3	-0.3
Energy	6.4	-4.7	-0.3	6.5	11.1	0.7	0.0	-1.0	-1.0
TOTAL	100.0	1.1	1.1	100.0	2.6	2.6	0.0	-1.5	-1.5

Total returns

	Quarter	Year to date	One year	Three years	Five years	Ten years
Structured Broad Market Fund Institutional Plus Shares (May 3, 2004)	1.15%	0.66%	0.75%	12.03%	12.56%	7.51%
Russell 3000 Index	2.63%	3.62%	2.14%	11.13%	11.60%	7.40%
Multi-Cap Core Funds Average	1.21%	1.64%	-2.41%	8.29%	8.70%	5.71%

Structured Large-Cap Equity (VSLPX)

- Weak Selection
 - Consumer Discretionary
 - Industrials

Stock characteristics	
Structured Large-Cap Equity Fund	
Number of stocks	178
Median market cap	\$29.9B
Price/earnings ratio	17.7x
Price/book ratio	2.6x
Return on equity	16.8%
Earnings growth rate	8.0%
Equity yield (dividend)	2.2%
Foreign holdings	0.6%
Turnover rate (fiscal year end)	72.9%

3 month attribution									
	Portfolio			Benchmark			Attribution		
	Avg. weight	3 mo. return	Contrib. Return	Avg. weight	3 mo. return	Contrib. Return	Alloc. effect	Select effect	Total effect
Information Technology	20.2	-0.9	-0.2	20.2	-2.8	-0.6	0.0	0.4	0.4
Financials	16.0	4.1	0.6	15.9	2.1	0.3	0.0	0.3	0.3
Consumer Staples	10.3	6.9	0.7	10.3	4.6	0.5	0.0	0.2	0.2
CASH	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health Care	14.7	6.1	0.9	14.6	6.3	0.9	0.0	0.0	0.0
Telecommunication Services	2.7	3.7	0.1	2.7	7.1	0.2	0.0	-0.1	-0.1
Materials	2.8	-3.8	-0.1	2.9	3.7	0.1	0.0	-0.2	-0.2
Utilities	3.4	-0.4	0.0	3.4	6.8	0.2	0.0	-0.2	-0.2
Energy	7.1	7.6	0.5	7.1	11.6	0.8	0.0	-0.3	-0.3
Industrials	10.1	-2.2	-0.2	10.1	1.4	0.1	0.0	-0.4	-0.4
Consumer Discretionary	12.7	-6.3	-0.8	12.7	-0.9	-0.1	0.0	-0.7	-0.7
TOTAL	100.0	1.5	1.5	100.0	2.5	2.5	0.0	-0.9	-1.0

Total returns

	Periods ended June 30, 2016					
	Quarter	Year to date	One year	Three years	Five years	Ten years
Structured Large-Cap Equity Fund Institutional Plus Shares (May 15, 2006)	1.48%	3.11%	3.93%	12.49%	13.21%	7.64%
S&P 500 Index	2.46%	3.84%	3.99%	11.66%	12.10%	7.42%
Large-Cap Core Funds Average	1.99%	2.21%	0.52%	9.47%	10.00%	6.00%

Strategic Equity (VSEQX)

Stock characteristics		Sector diversification as % of common stock			3 month attribution									
Strategic Equity Fund				MSCI US Small + Mid Cap 2200 Index	Portfolio			Benchmark			Attribution			
Number of stocks	328		Strategic Equity		Avg. weight	3 mo. return	Contrib. Return	Avg. weight	3 mo. return	Contrib. Return	Alloc. effect	Select effect	Total effect	
Median market cap	\$4.2B	Consumer Discretionary	15.0%	14.9%	15.4	5.3	0.8	15.5	1.4	0.2	0.0	0.6	0.6	
Price/earnings ratio	17.9x	Consumer Staples	4.7	4.8	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Price/book ratio	2.3x	Energy	5.0	5.0	0.9	5.9	0.1	0.9	3.2	0.0	0.0	0.0	0.0	
Return on equity	14.7%	Financials	22.8	22.8	22.6	4.0	0.9	22.7	4.3	1.0	0.0	-0.1	-0.1	
Earnings growth rate	12.0%	Health Care	9.7	9.7	15.4	-4.8	-0.8	15.4	-3.8	-0.6	0.0	-0.2	-0.2	
Equity yield (dividend)	2.0%	Industrials	14.1	14.1	5.7	4.2	0.2	5.7	8.8	0.5	0.0	-0.2	-0.2	
Foreign holdings	1.0%	Information Technology	15.5	15.6	4.9	-0.6	0.0	4.8	6.8	0.3	0.0	-0.3	-0.3	
Turnover rate (fiscal year end)	70.4%	Materials	6.1	6.0	14.1	-0.9	-0.1	14.2	1.7	0.2	0.0	-0.4	-0.3	
		Telecommunication Services	1.0	1.0	6.0	2.2	0.1	6.0	8.3	0.5	0.0	-0.4	-0.4	
		Utilities	6.1	6.1	9.9	-1.4	-0.2	10.0	5.4	0.6	0.0	-0.7	-0.7	
					4.7	-11.5	-0.6	4.8	14.2	0.6	0.0	-1.2	-1.2	
					TOTAL	100.0	0.5	0.5	100.0	3.3	3.3	0.0	-2.8	-2.8

Total returns

	Periods ended June 30, 2016					
	Quarter	Year to date	One year	Three years	Five years	Ten years
Strategic Equity Fund (August 14, 1995)	0.46%	0.88%	-4.34%	10.96%	11.49%	6.61%
Spliced Small and Mid Cap Index	3.29%	4.64%	-1.54%	10.29%	10.50%	7.85%
Mid-Cap Core Funds Average	2.13%	3.65%	-3.69%	8.08%	8.41%	6.55%

Short-Term Investment-Grade (VFSIX)

- Avg. Duration: 2.6 years
- Drag: Underweight Industrials
- Boost: Out-Of-Benchmark ABS, CMBS

Distribution by credit quality as % of bonds	
U.S. Government	15.7%
Aaa	18.5
Aa	13.0
A	27.6
Baa	21.7
Ba	1.2
B	0.2
Not Rated	2.1
Total	100.0%

Distribution by issuer as % of bonds	
Asset-Backed	11.1%
Commercial Mortgage-Backed	10.4
Finance	26.1
Foreign	6.8
Government Mortgage-Backed	0.2
Industrial	24.9
Treasury/Agency	16.2
Utilities	2.8
Other	0.6
Short-Term Reserves	0.9
Total	100.0%

Total returns

	Periods ended June 30, 2016					
	Quarter	Year to date	One year	Three years	Five years	Ten years
Short-Term Investment-Grade Fund Institutional Shares (September 30, 1997)	1.31%	3.11%	3.29%	2.58%	2.45%	3.77%
Barclays US 1-5 Year Credit Index	1.31%	3.07%	3.09%	2.60%	2.65%	4.32%
1-5 Year Inv-Grade Debt Funds Avg	1.07%	2.17%	1.71%	1.45%	1.63%	2.59%

Intermediate-Term Investment-Grade (VFIDX)

- Avg. Duration: 5.5 years
- Underweight BBB, Shorter Duration
- Poor security selection: Industrials (Energy)

Distribution by credit quality as % of bonds	
U.S. Government	6.5%
Aaa	12.8
Aa	15.4
A	44.2
Baa	18.7
Ba	0.4
B	0.1
Not Rated	1.9
Total	100.0%

Distribution by issuer as % of bonds	
Asset-Backed	8.0%
Commercial Mortgage-Backed	5.4
Finance	30.2
Foreign	2.7
Government Mortgage-Backed	0.1
Industrial	40.5
Treasury/Agency	7.7
Utilities	4.9
Other	0.2
Short-Term Reserves	0.3
Total	100.0%

Total returns

	Periods ended June 30, 2016					
	Quarter	Year to date	One year	Three years	Five years	Ten years
Intermediate-Term Investment-Grade Fund Admiral Shares (February 12, 2001)	2.47%	6.12%	7.11%	5.12%	5.11%	6.20%
Barclays US 5-10 Year Credit Index	3.26%	7.47%	7.63%	5.72%	5.66%	6.71%
Spliced Core Bond Funds Average	2.31%	5.05%	4.98%	3.64%	3.66%	4.52%

TIPS (VIPIX)

- Avg. Duration: 8.4 years
- Longer Duration

Distribution by effective maturity as % of bonds	
Under 1 Year	0.3%
1 - 3 Years	14.3
3 - 5 Years	17.4
5 - 10 Years	44.9
10 - 20 Years	12.3
20 - 30 Years	10.8
Over 30 Years	0.0
Total	100.0%

Total returns

	Periods ended June 30, 2016					
	Quarter	Year to date	One year	Three years	Five years	Ten years
Inflation-Protected Securities Fund Institutional Shares (December 12, 2003)	1.79%	6.44%	4.73%	2.42%	2.70%	4.66%
Barclays US Trsy Inflat Prtcd Index	1.71%	6.24%	4.35%	2.31%	2.63%	4.75%
Inflation Protected Bond Funds Avg	1.62%	5.21%	2.56%	1.13%	1.56%	3.64%

Treasury (VEDTX)

- Avg. Duration: 24.8 years
- Highly rate sensitive, long term STRIPS
- Recent volatility spike (Flight to Quality)
- Significant short-term fluctuation (Structural)

Total fund volatility measures		
	Barclays Treasury STRIPS 20-30 Year Index	Barclays Aggregate Bond Index
Fund r-squared	0.99	0.76
Fund beta	1.06	5.54
R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark.		

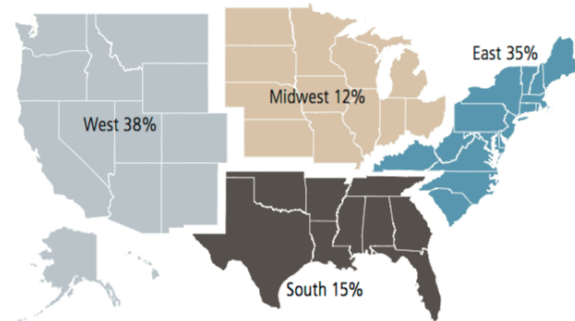
Total returns

	Periods ended June 30, 2016					
	Quarter	Year to date	One year	Three years	Five years	Since inception
Extended Duration Treasury Index Fund Institutional Shares (November 28, 2007)	10.11%	23.00%	29.78%	15.18%	16.63%	10.32%
Barclays US Trsy Strips 20-30Yr Eq	9.53%	21.90%	29.18%	15.37%	16.70%	10.54%

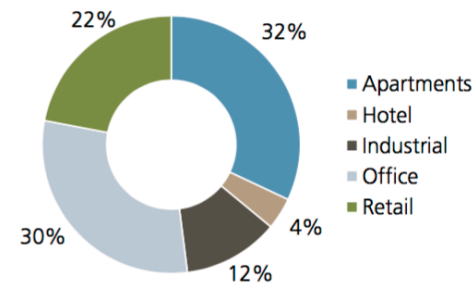
UBS TPF

- Invested: \$51,239,897
- YTD Net Return: 3.38%
- 12 Mo. Net: 9.6%
- 7 Year Net Annualized: 8.95%
- 10 Year Net Annualized: 5.57%
(vintage 2007)

Distribution by geographic division²



Portfolio distribution by property type²



Markets	% Portfolio
New York	15%
Chicago	10%
Los Angeles	9%
Boston	8%
San Francisco	7%
Washington DC	7%
Denver	5%
Dallas	5%
Portland	4%
Phoenix	3%
73%	

LaSalle V

- Committed: \$19,000,000
- Called: \$17,083,673
- % Called: 90%
- IRR: 13%
- (vintage 2007, realization 2016)

	Since Inception	After Fee Rolling 4 Quarters	Current Quarter
Income	6.4%	6.9%	1.6%
Appreciation	1.3%	-6.6%	-3.1%
Total	7.8%	0.0%	-1.5%

Internal Rate of Return (at carrying value), Leveraged

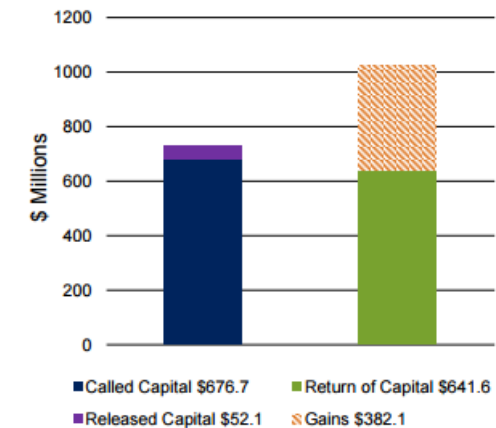
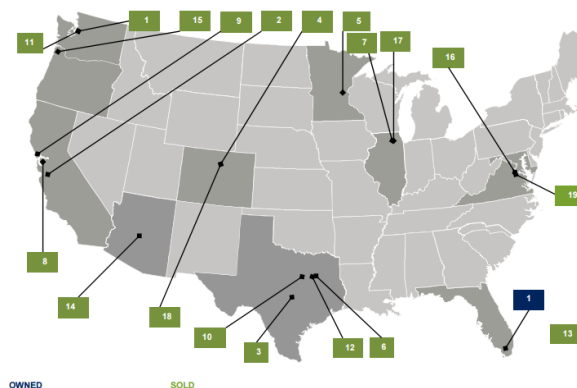
Before Fee	15.5%
After Fee	13.1%

2.7 Fund Summary

Fund Summary

Fund origination	July 2007
Last acquisition	November 2011
Fund termination date	September 2016
Total investor commitments	\$728.8 MM
Cumulative subscriptions called	\$676.7 MM
Cumulative distributions	\$1,023.7 MM
Fund net asset value	\$109.0 MM

I. Property Map



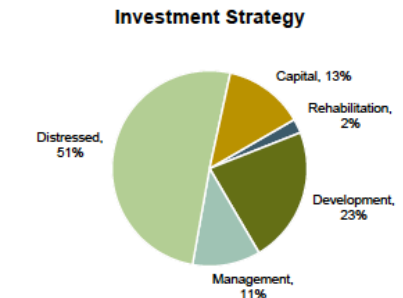
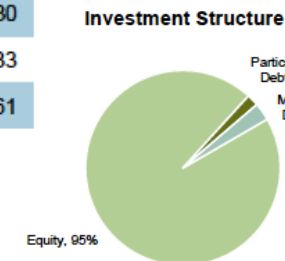
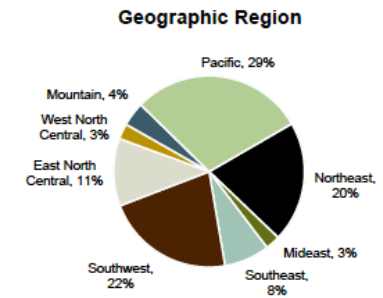
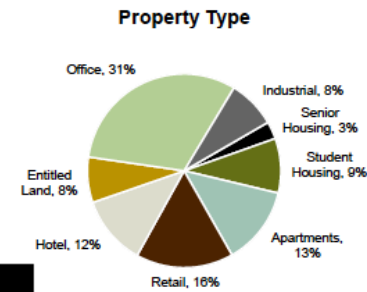
Fidelity Real Estate Growth Fund III

- Committed: \$14,250,000
- Called: \$11,766,938
- % Called: 83%
- IRR: 7.9%
- (vintage 2007, realization 2016)

	Total Contributed Capital	Total Cash Distributions	Current Market Value ¹	Actual Annualized IRR ²
Total Fund (net of management fee & expenses)	\$781,582	\$907,501	\$143,263	7.9%
Total Fund (net of management fee, expenses & carried interest)			\$143,263	7.9%

Largest Metropolitan Areas		Largest Investments	
Los Angeles, CA	17%	ACC Student Housing Portfolio	\$74,700
Dallas, TX	15%	The Arboretum	\$54,701
New York, NY	14%	Sheraton Gateway LAX	\$51,667
Chicago, IL	11%	356-366 10th Avenue	\$45,536
San Diego, CA	5%	Pacific Station	\$44,280

Portfolio Statistics	
Average Investment Size	\$24,830
Total Number of Investments	33
Total Number of Properties	61



CRP III

- Committed: \$14,250,000
- Called: \$13,300,100
- % Called: 93%
- IRR: 9.1%
- (vintage 2008)

Resulting return on invested equity

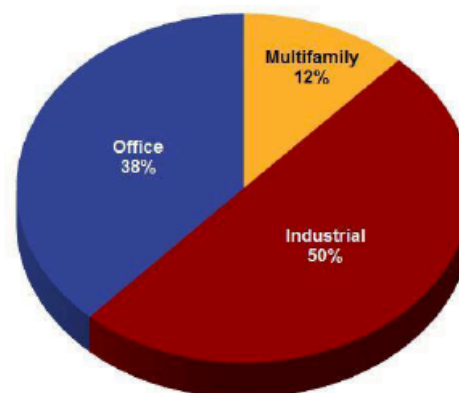
- 2011: 5.0%
- 2012: 6.0%
- 2013: 6.3%
- 2014: 6.3%
- 2015: 6.3%
- 2016: 5.0% (projected)

	Gross	Net
IRR	11% to 13%	8% to 10%
Multiple	1.8x to 1.9x	1.6x to 1.7x

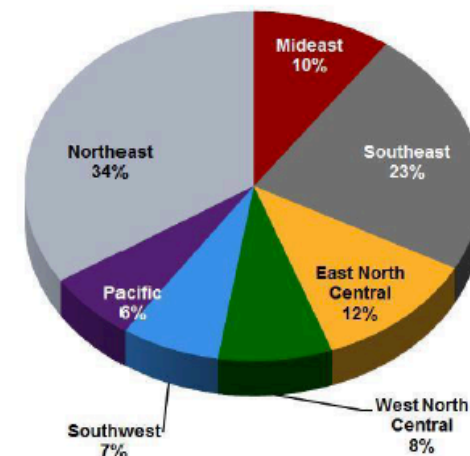
Estimated holding period through 4Q21. Projections are subject to change. Please see Appendix for complete disclosures.

At 1Q16 Fair Value

By Property Type



By Geographic Region



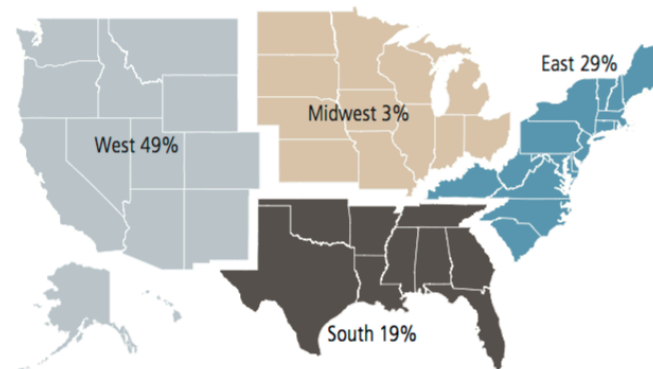
UBS TPI

- Invested: \$76,382,547
- YTD Net Return: 4.85%
- 12 Mo. Net: 10.94%
- 7 Year Net Annualized: 9.7% (vintage 2010)

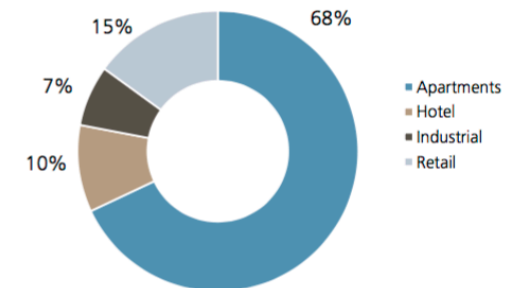
Largest Markets (%)

	TPI
Los Angeles	16
San Diego	13
Atlanta	12
Washington, DC	12
Seattle	9

Distribution by geographic division²



Portfolio distribution by property type²



CRP IV

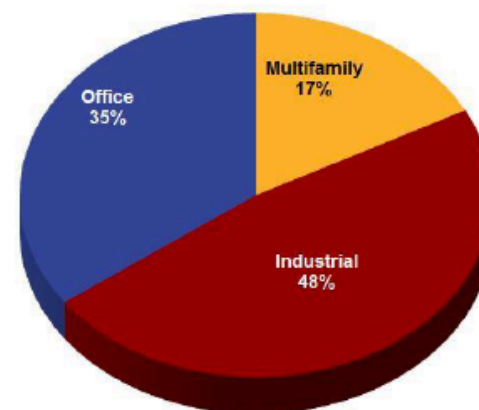
- Committed: \$43,435,000
- Called: \$36,784,803
- % Called: 85%
- IRR: 21.4%
- (vintage 2012)

	Gross	Net
IRR	13% to 15%	10% to 12%
Multiple	2.0x to 2.1x	1.8x to 1.9x

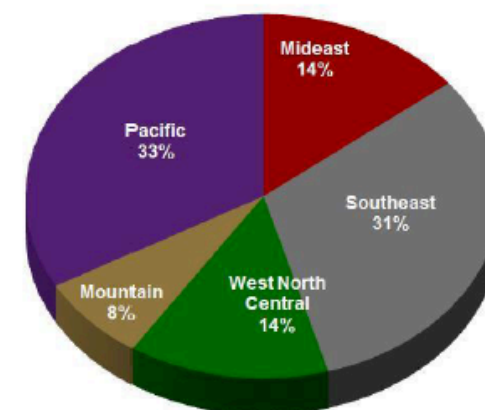
Estimated holding period through 2Q24. Projections are subject to change. Please see Appendix for complete disclosures.

At 1Q16 Fair Value

By Property Type



By Geographic Region



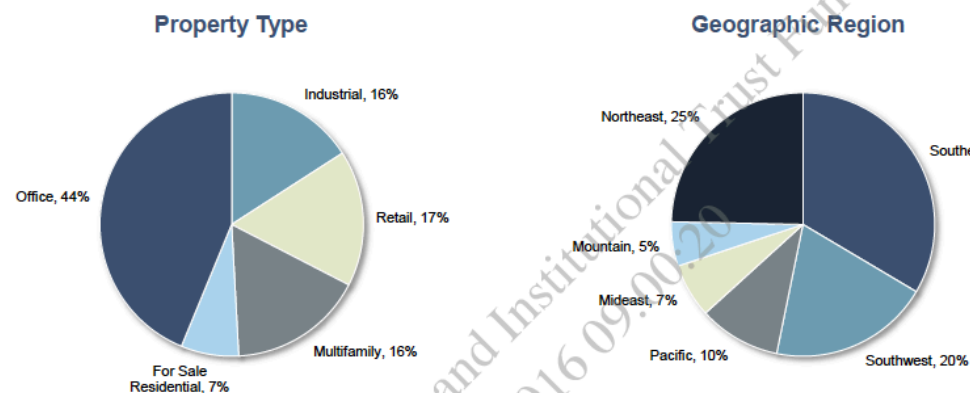
Resulting return on invested equity

- 2014: 5.6%
- 2015: 6.4%
- 2016: 6.0% (projected)

LWREP IV

- Committed: \$43,435,000
- Called: \$45,833,121
- % Called: 106%
- IRR: 13.8%
- (vintage 2012)

Net IRR by Time Period	Quarter	One Year	Three Year	Inception to Date ⁴
Total Fund (net of management fee, expenses & carried interest) ⁶	1.2%	8.5%	15.3%	13.8%



Largest Metropolitan Areas		Largest Investments		Portfolio Statistics	
New York, NY	17%	195 Montague	\$26,221	Average Investment Size	\$12,108
Dallas, TX	14%	Riverwalk at Millennium	\$21,703	Total Number of Investments	22
Atlanta, GA	14%	Village at Camp Bowie	\$18,425	Total Number of Properties	60
Philadelphia, PA	8%	Richardson Office Campus	\$18,168		
Tampa, FL	7%	133 West 52nd Street	\$17,789		

LaSalle VI

- Committed: \$33,775,000
- Called: \$29,771,635
- % Called: 88%
- (vintage 2012, realization 2020)

	After Fee		
	Since Inception	Rolling 4 Quarters	Current Quarter
Income	2.6%	3.6%	1.2%
Appreciation	11.0%	14.5%	3.2%
Total	13.9%	18.5%	4.5%

Internal Rate of Return, Leveraged

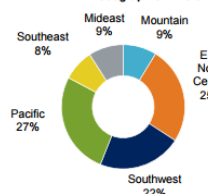
Before Fee	20.1%
After Fee	16.2%

2.9 Fund Summary

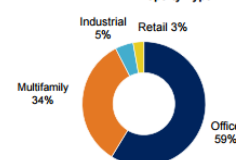
Fund Summary

Fund origination	January 2012
Expiration of investment period	January 2015
Fund maturity date	January 2020
Total investor commitments	\$362.3 MM
Cumulative subscriptions called	\$345.0 MM
Uncalled commitments	\$17.3 MM
Cumulative distributions	\$60.8 MM

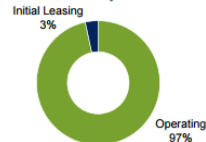
NCREIF Geographic Division



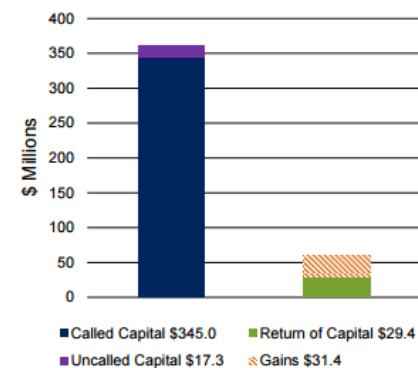
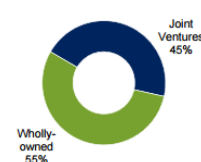
NCREIF Property Type



Life Cycle



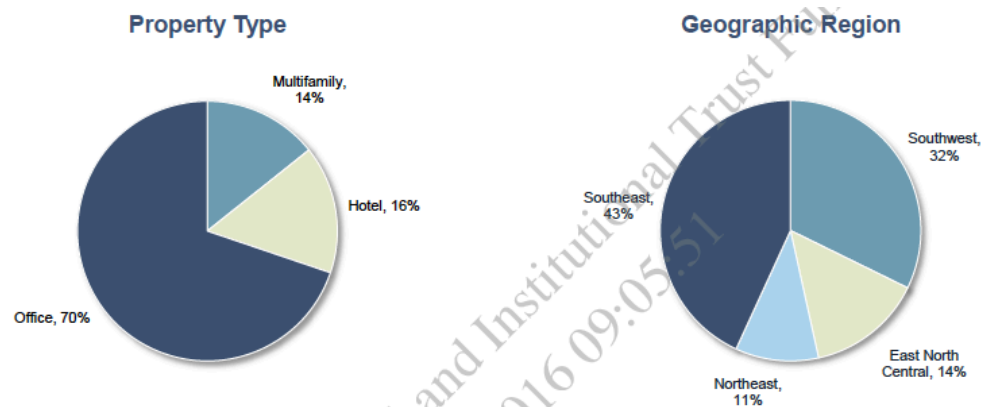
Investment Structure



LWREP V

- Committed: \$24,250,000
- Called: \$6,538,078
- % Called: 27%
- (vintage 2015)

Net IRR by Time Period	Quarter	One Year	Three Year	Inception to Date ⁴
Total Fund (net of management fee, expenses & carried interest) ⁶	-0.1%	N/A	N/A	-6.4%



Largest Metropolitan Areas		Largest Investments		Portfolio Statistics	
Atlanta, GA	43%	Georgia 400 Center	\$27,488	Average Investment Size	\$17,678
San Antonio, TX	16%	The Hotel at Avalon	\$22,500	Total Number of Investments	8
Chicago, IL	14%	The Forum	\$22,109	Total Number of Properties	16
Philadelphia, PA	10%	Westmont Village Apartments	\$20,209		
Dallas, TX	9%	Evolve Corporate Center	\$14,596		

Cash Flow August 2016

Inflows

Beginning Balance: \$39,950,079.58
Cash From SITLA: \$393,101.73
Vanguard Distribution (VFIDX): \$501,823.16
Vanguard Distribution (VFSIX): \$478,117.34
LaSalle VI Distribution: \$4,978,846.81

Total: \$46,301,968.62

Outflows

LWREP V Capital Call: \$1,646,632.64

Total: \$1,646,632.64

Net Cash Balance: \$44,655,335.98